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SUBJECT: EGYPT'S ECONOMY: OCTOBER 14 PRESS ROUND-UP

¶1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

High Court Considers Case on Gas Exports to Israel

¶2. (U) Egypt's Supreme Administrative Court began hearing arguments in a case on natural gas exports to Israel. Retired Ambassador Ibrahim Youssri, who heads a group called the Popular Campaign to Stop Gas Exports to Israel, is asking the court to overturn a lower court ruling that allowed gas exports to Israel to proceed. During the session, the judge asked government lawyers to present all of the original documents related to the case, including the contract with East Mediterranean Gas (EMG). In addition, the judge asked Ambassador Youssri to specify whether his complaint centers on the allegedly below-market prices of the exports, or on the principle that gas should not be exported to Israel at all. The case will resume hearings on November 7 (Al Shorouk, 10/4/2009).

Inflation Rises to 10.7% in September

¶3. (U) According to the data released by the government statistics agency, the Central Agency for Public Mobilization and Statistics (CAPMAS), annual urban headline inflation increased to 10.7% in September 2009, from 9% in August 2009. The overall rise in inflation was largely driven by an annualized 17.4% increase in food prices, owing to increased consumption during the month of Ramadan (Al Alam Al Youm, 10/11/2009).

Egypt Threatens to Regulate the Sugar Industry

¶4. (U) The Ministry of Trade and Industry is expected to issue a decree in the coming week to regulate the sugar industry, following the unprecedented rise in local prices. Sources at the ministry accused traders of storing large quantities of sugar to sell later at higher prices. Accordingly, the ministry is considering issuing a decree to prevent sugar companies from supplying traders with quantities exceeding those which traders can sell, to prevent stockpiling and market manipulation. The decree also aims at increasing the government's supervisory authority in the trading and distribution of sugar in local markets. The threat of greater regulation follows the GOE's suspension of tariffs on imported sugar this summer, a move also intended to increase local supply (Al Masry Al Youm, 10/4/2009).

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